

File

1965

YEAR ENDED JULY 31, 1965

**CANADIAN DYNO
MINES LIMITED**

HEAD OFFICE:
SUITE 509 - 25 ADELAIDE STREET WEST
TORONTO 1, ONTARIO

**ANNUAL
REPORT**

Officers

S. A. PERRY, F.C.I.S. *President*
L. PANCER, P.Eng. . . . *Vice-President and Managing Director*
G. D. PATTISON, C.A. *Secretary-Treasurer*
R. D. BELL, C.A. *Assistant Secretary-Treasurer*

Directors

COLIN A. CAMPBELL, P. Eng. *Toronto, Ontario*
G. C. KNOWLES *Toronto, Ontario*
HON. C. P. McTAGUE, Q.C. *Toronto, Ontario*
L. PANCER, P.Eng. *Toronto, Ontario*
G. D. PATTISON, C.A. *Toronto, Ontario*
S. A. PERRY, F.C.I.S. *Toronto, Ontario*
HARLOW H. WRIGHT, P.Eng. *Toronto, Ontario*

Auditors

THORNE, MULHOLLAND, HOWSON & McPHERSON
TORONTO, ONTARIO

Transfer Agents

GUARANTY TRUST COMPANY OF CANADA
TORONTO, ONTARIO

Head Office

SUITE 509, 25 ADELAIDE ST. WEST, TORONTO, ONTARIO

Canadian Dyno Mines Limited

Suite 509, 25 Adelaide Street West

Toronto 1, Ontario

Directors' Report to Shareholders,

CANADIAN DYNO MINES LIMITED.

On behalf of the Board of Directors, we are pleased to submit herewith the financial statement of your Company for the year ended July 31, 1965, together with the Auditors' Report to Shareholders dated October 8, 1965.

Although it is the policy of your Company to continue to expand its exploration activities, only a few mining situations brought to the attention of the Company warranted field programs.

In association with several mining companies twenty concessions were acquired in Ireland. To date, fifteen of the twenty concessions have been covered by reconnaissance geochemical surveys with the balance of the concessions to be surveyed shortly. This work has indicated one definite and three probable drill targets. Prior to diamond drilling, additional geophysical work has been recommended and will be undertaken in the new year.

During the past year James River Mines Limited was incorporated and acquired the claims held by the James River Syndicate in which your Company held a substantial interest. A comprehensive field program was carried out following up the results of the work undertaken during the 1964 season. Although this program failed to locate an economical ore body, the claims have been protected for ten years and should there be an increase in the price of gold, this prospect would certainly be reviewed at that time.

In addition to participating in two grubstake syndicates, a large number of mining prospects and situations were reviewed by your Company during the past year.

Recently, Raglan Nickel Mines Limited entered into an agreement with Falconbridge Nickel Mines Limited, whereunder Raglan will acquire properties held by Bilson Quebec Mines Limited, a wholly-owned subsidiary of Falconbridge, adjacent to the properties in the Ungava area of Quebec held by Raglan. The combined holdings of Raglan and Bilson comprise a total length of about forty-two miles along the Ungava nickel-copper belt. Falconbridge will provide the management and substantial funds for the further exploration of the combined properties and it is expected that next year's exploration and development program under Falconbridge's management will be accelerated and be of a major nature.

Raglan, at its Cross Lake area property, has indicated ore reserves of 10,050,000 tons grading 1.55% nickel and 0.78% copper, and at its east license area after including a 15% dilution factor, 3,210,000 tons grading 2.58% nickel and 0.5% copper. Preliminary drilling on the Bilson property has indicated about 2,000,000 tons of a somewhat better grade than indicated at Raglan's Cross Lake area property.

The agreement provides that Raglan shall reorganize its capital structure on the basis of one new share for two old shares, and upon completion of the agreement Falconbridge will own about 54% of Raglan's issued new shares.

Your Company will own 1,327,820 new shares of Raglan or about 18% of its issued capital.

Your Company continues to control Vendbar Industries Limited and it is expected that sales of its milkshake vending machine and products will increase substantially during the coming year.

If you are unable to attend the forthcoming meeting, kindly sign and return the accompanying proxy in the envelope provided for your convenience.

On behalf of the Board of Directors,

S. A. PERRY,

President.

LOUIS PANCER,

Vice-President and Managing Director.

Toronto, Ontario,
December 17, 1965.

Canadian Dyno Mines Limited

Auditors Report

To the Shareholders of
CANADIAN DYNO MINES LIMITED:

We have examined the balance sheet of Canadian Dyno Mines Limited as at July 31, 1965 and the statements of income and retained earnings for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and related statements of income and retained earnings present fairly the financial position of the company as at July 31, 1965 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE, MULHOLLAND, HOWSON & McPHERSON,

Chartered Accountants.

Toronto, Canada,
October 8, 1965.

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Assets

CURRENT ASSETS:

Cash	72,212.23	
Funds on short-term deposit	1,075,253.57	
Accounts receivable and accrued interest	119,987.97	
Short-term notes	125,000.00	
Income tax recoverable	110,495.75	1,502,949.52

INVESTMENTS (note 1):

Mining companies:

Shares	2,443,857.33	
Debentures	674,250.00	3,118,107.33
Shares of Vendbar Industries Limited, at cost	197,502.00	
Investment in and advances to subsidiary companies, at nominal value	3.00	
Shares of and advances to other companies, at nominal value....	2.00	
Note receivable and accrued interest	223,125.00	
Mortgages receivable	3,041.90	3,541,781.23

MINING CLAIMS, AT COST (note 2) 147,504.59

DEFERRED EXPLORATION (note 3) 119,612.46

\$ 5,311,847.80

The accompanying notes are an integral part of this statement.

Mines Limited

(Incorporated under the laws of Ontario)

Sheet

1, 1965

Liabilities

CURRENT LIABILITIES:

Accrued liability 1,500.00

CONTINGENT LIABILITIES (note 4)

SHAREHOLDERS' EQUITY

CAPITAL STOCK:

Authorized, 3,000,000 shares, par value \$1.00 each

Issued, 2,861,000 shares 2,861,000.00

CONTRIBUTED SURPLUS 2,028,168.18

RETAINED EARNINGS 421,179.62 5,310,347.80

\$ 5,311,847.80

Approved on behalf of the Board.

S. A. PERRY, *Director*.

G. D. PATTISON, *Director*.

This is the balance sheet referred to in our report to the shareholders dated October 8, 1965.

THORNE, MULHOLLAND, HOWSON & McPHERSON,
Chartered Accountants.

Canadian Dyno Mines Limited

NOTES TO FINANCIAL STATEMENT

YEAR ENDED JULY 31, 1965

1. INVESTMENTS:

Shares of other mining companies

Shares of other mining companies are valued at cost less proceeds of disposals or at written-down value. These shares had a market value of \$6,558,196.90 at July 31, 1965.

Because in some instances large blocks of shares are involved, market values are not necessarily indicative of amounts that might be realized if the investments were to be sold.

Debentures of another mining company

These consist of \$670,000.00 principal amount of Consolidated Halliwell Limited 6½% debentures due May 31, 1970, at a cost of \$637,400.00 and interest accrued to July 31, 1965 of \$36,850.00.

These debentures are without quoted market value because they are not actively traded. Consolidated Mogul Mines Limited has guaranteed payment of principal and any unpaid interest thereon at May 31, 1970, the date of maturity.

Shares of Vendbar Industries Limited

The company owns approximately 50% of the issued shares of Vendbar Industries Limited. The company's equity in Vendbar is of nominal value.

Subsidiary companies

The company holds in excess of 50% of the issued shares of three companies. The investments in and advances to these subsidiaries have been written down to a nominal value of \$1.00 each and as all the companies are inactive it is not considered desirable to consolidate the accounts.

Note receivable

The amount of \$223,125.00 receivable from St. Patrick's Copper Mines Limited represents a note receivable of \$175,000.00 and accrued interest of \$48,125.00. St. Patrick's is in receivership and the amount receivable is past due. Consolidated Mogul Mines Limited has guaranteed the principal and interest but to date the company has made no call on Mogul under the guarantee.

Canadian Dyno Mines Limited

NOTES TO FINANCIAL STATEMENT (Continued)

YEAR ENDED JULY 31, 1965

2. MINING CLAIMS:

16 patented claims in Cardiff Township, Ontario, acquired for 10,000 shares of the company's capital stock valued at 40¢ per share and \$58,806.76 cash	\$ 62,806.76
8 patented claims in Errington Township, Thunder Bay Mining Division, Ontario, acquired for cash	56,097.83
4 unpatented claims in the Eastmain Region, Township 3214, Quebec, held under development licences, acquired for cash	25,000.00
40 unpatented claims in the Broadback River Area, Township 1209, Quebec, held under miner's certificates, acquired for cash	3,600.00
	<u>\$147,504.59</u>

3. DEFERRED EXPLORATION:

There has been no change during the year. Expenditures have been as follows:

Errington Township, Thunder Bay Mining Division, Ontario	\$111,630.86
Broadback River Area, Township 1209, Quebec	7,981.60
	<u>\$119,612.46</u>

4. CONTINGENT LIABILITIES:

An interest-bearing term deposit of \$700,000.00 has been pledged as collateral in connection with a contingent liability of \$972,000.00 under a guarantee of liabilities of another mining company.

The company has been assessed by the Department of National Revenue up to July 31, 1962 in such a manner as would result in an income tax liability for the year ended July 31, 1963 up to a maximum of approximately \$900,000.00. This liability is not reflected in the accompanying statement. Pending the outcome of an appeal, the company has pledged 1,200,000 shares of Raglan Nickel Mines Limited to the Receiver General of Canada as security for a possible future payment of income tax.

5. TAXES ON INCOME FOR YEAR:

No provision for income taxes is required for the current year as a result of the application of the loss for tax purposes in 1964 against the current year's income.

Canadian Dyno Mines Limited

STATEMENT OF INCOME

YEAR ENDED JULY 31, 1965

Income from investments.....			117,029.38
EXPENSES:			
Exploration:			
Consulting fees and expenses	1,675.00		
Grubstakes and participations	32,106.16		
Sundry	1,351.46	35,132.62	
Administration:			
Administration fee	10,000.00		
Annual report	1,909.44		
Directors' fees	8,400.00		
Legal and audit	3,753.37		
Listing and transfer expenses	2,721.25		
Officers' salaries	23,000.00		
Rent	3,600.00		
Sundry	2,259.98	55,644.04	90,776.66
Income before undernoted item.....			26,252.72
Recovery of prior years' losses of Dyno Homes Corporation Limited.....			480.85
NET INCOME FOR YEAR.....			<u>\$ 26,733.57</u>

STATEMENT OF RETAINED EARNINGS

YEAR ENDED JULY 31, 1965

Retained earnings at beginning of year.....		397,326.90
Add: Net income for year.....		26,733.57
		<u>424,060.47</u>
Deduct:		
Adjustment of investment in and advances to subsidiary, Dyno Homes Corporation Limited	480.85	
Loss on sale of investments.....	2,400.00	2,880.85
RETAINED EARNINGS AT END OF YEAR.....		<u><u>\$421,179.62</u></u>

